(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) There is no evidence to indicate that unlike public sector banks, private sector banks apply the increased rates of interest uniformly irrespective of the amount of advances.

(b) Does not arise.

(c) to (e) No, Sir. The rates of interest of all Scheduled Commercial Banks (SCBs) stand deregulated, with the exception of loans upto Rs.2 lakhs for which interest rate should not exceed the Benchmark Prime Lending Rate (BPLR). The banks, with the approval of their respective Boards, determine the BPLR taking into account the actual cost of funds, operating expenses, regulatory requirement of provisioning, etc.

Fall in value of rupee

†1636. SHRI RAM JETHMALANI:

DR. MURLI MANOHAR JOSHI:

Will the PRIME MINISTER be pleased to state :

(a) whether it is a fact that large-scale selling of shares by Foreign Financial Institutions (FFI) in the Indian share market is the main reason for fall of rupee against dollar;

(b) if so, the reaction of Government thereto; and

(c) the other reasons which are responsible for the fall of rupee against dollar to such a low level?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) The fall of rupee against the US dollar is mainly due to the strengthening of the US dollar against major currencies, higher net Foreign Institutional Investment (FII) outflows due to the global financial crisis and higher trade outflows due to higher crude oil prices and import demand.

(b) and (c) To alleviate the adverse impact of the turmoil in international financial markets on the domestic forex market, RBI has taken a number of measures beginning mid-September 2008. These, *include* the following:

- The Reserve Bank of India announced that it would continue to sell foreign exchange (US dollars) through agent banks to augment supply in the domestic foreign exchange market or intervene directly to meet any demand-supply gaps.
- The Reserve Bank of India announced that it would resume special market operations to meet the foreign exchange requirements of public sector oil marketing companies against oil bonds when they become available.
- The interest rate ceilings on FCNR (B) and NR(E)RA term deposits were increased in stages by a cumulative 175 basis points each.
- External commercial borrowings (ECBs) up to US$500 million per borrower per financial year were permitted for rupee expenditure and/or foreign currency expenditure for permissible end-uses under the automatic route.

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†Original notice of the question was received in Hindi

- The all-in-cost ceiling for ECBs for average maturity period of three years and up to five years was enhanced to 300 basis points above LIBOR and to 500 basis points above LIBOR for ECBs over five years.

- The all-in-cost ceiling for trade credit less than 3 years was enhanced to 6 months LIBOR plus 200 basis points.

- Systemically Important Non-Deposit taking NBFCs have been temporarily permitted to raise short-term foreign currency borrowings under the approval route, subject to their complying with the prudential requirements of capital adequacy and exposure norms. Housing finance companies (HFCs) registered with the National Housing Bank (NHB) have also been permitted to raise short-term foreign currency borrowings under the approval route, subject to their complying with prudential norms laid down by the NHB.

- The Reserve Bank of India has also instituted a rupee-dollar swap facility for banks with overseas branches to give them comfort in managing their short-term funding requirements.

- RBI announced a scheme for buy-back of FCCBs issued by Indian corporates on November 15, 2008 and introduced further relaxations in this regard on December 6, 2008.

Loans for large, medium and small enterprises

1637. SHRI S.S. AHLUWALIA : Will the PRIME MINISTER be pleased to state:

(a) the volume of loan approved by public sector banks for funding of projects and to meet working capital need of the large, medium and small size enterprises year-wise since 2006-07 till June 30, 2008 indicating along side the fund actually released to borrowers;

(b) the parameters of these enterprises considered by banks for ascertaining their eligibility to borrow;

(c) whether it is a fact that these lending banks have withhold release of subsequent trench of loans to these enterprises under the pretext of reviewing their repayment potential details de novo; and

(d) if so, the reasons therefore?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (d) Information is being collected and will be laid on the table of the House.

Funding of infrastructure projects

1638. SHRI T.T.V. DHINAKARAN: Will the PRIME MINISTER be pleased to state:

(a) whether funding of infrastructure projects has decreased in the recent past;

(b) if so, the reasons therefor; and

(c) the action taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) A large number of infrastructure projects are now being cleared for implementation in PPP mode. These projects may experience difficulties in reaching financial closure in view of the uncertain conditions prevailing in the global financial system.